

**Effective 5/13/2014**

**78B-6-1903 Prohibition against distribution of demand letters containing bad faith assertions of patent infringement.**

- (1) A sponsor may not distribute a demand letter to a target that includes a bad faith assertion of patent infringement.
- (2) A court may consider the following factors as evidence in determining whether a sponsor has or has not distributed a demand letter containing a bad faith assertion of patent infringement, but no one factor may be considered conclusive as to whether a demand letter contains a bad faith assertion of patent infringement:
  - (a) the demand letter does not contain all of the following information:
    - (i) the patent numbers of the patent or patents being asserted;
    - (ii) the name and address of the current patent owner or owners and any other person or entity having the right to enforce or license the patent;
    - (iii) the name and address of all persons and entities holding a controlling interest in the persons and entities identified in Subsection (2)(a)(ii) of this section;
    - (iv) the identification of at least one claim of each asserted patent that is allegedly infringed;
    - (v) for each claim identified in Subsection (2)(a)(iv), a description of one or more allegedly infringing products, including the make, model number, and other specific identifying indicia of allegedly infringing products, services, or methods made, used, offered for sale, sold, imported or performed by the target, provided in sufficient detail to allow the target to assess the merits of the assertion of patent infringement; and
    - (vi) identification of each judicial or administrative proceeding pending as of the date of the demand letter where the validity of the asserted patent or patents is under challenge; or
  - (b) the demand letter contains any of the following:
    - (i) an assertion of patent infringement based on a patent or a claim of a patent that has been previously held invalid or unenforceable in a final judicial or administrative decision from which no appeal is possible;
    - (ii) an assertion that a complaint has been filed alleging that the target has infringed the patent when no complaint has, in fact, been filed;
    - (iii) an assertion of infringement based on acts occurring after the asserted patent or claim at issue has expired or been held invalid or unenforceable;
    - (iv) an assertion of infringement of a patent that the sponsor does not own or have the right to enforce or license; or
    - (v) an assertion that the amount of compensation demanded will increase if the target retains counsel to defend against the assertions in the demand letter or if the target does not pay the sponsor within a period of 60 days or less;
    - (vi) a false or misleading statement; or
    - (vii) the demand letter demands payment of a license fee or response within an unreasonably short period of time depending on the number and complexity of the claims.
- (3) A court may consider the following factors as evidence to mitigate a conclusion that a sponsor has distributed a demand letter containing a bad faith assertion of patent infringement:
  - (a) the demand letter contains the information described in Subsection (2)(a);
  - (b) the demand letter lacks the information described in Subsection (2)(a) and when the target requests the information, the sponsor provides the information within a reasonable period of time;
  - (c) the sponsor engages in a good faith effort to establish that the target has infringed the patent and to negotiate an appropriate remedy;

- (d) the sponsor has made a substantial investment in the practice of the patent or in the production or sale of a product or item covered by the patent; and
- (e) the sponsor is:
  - (i) the inventor or joint inventor of the patent or the original assignee of the inventor or joint inventor, or an entity owned by or affiliated with the original assignee; or
  - (ii) an institution of higher education or a technology transfer organization owned by or affiliated with an institution of higher education.

Enacted by Chapter 310, 2014 General Session